

Walterton and Elgin Community Homes Limited

Annual report and financial statements for the year ended 31 March 2013

<u>Contents</u>	<u>Page</u>
Board, management team, advisors and agents	1
Report of the Board	2 to 5
Report of the independent auditor	6 to 7
Income and expenditure account	8
Balance sheet	9
Cashflow statement and notes	10
Notes to the financial statements	11 to 21

Walterton and Elgin Community Homes Limited (WECH)
Annual report and financial statements for the year ended 31 March 2013

Board, management team, advisors and agents

<u>Board</u>	<u>Office</u>	<u>Status</u>	<u>Notes</u>
Jon Cotterell	Chair	Co-opted	
Adam White	Vice chair	Elected	
Stella Brade	Vice chair	Elected	
Elizabeth Thorpe-Tracey	Secretary and chair of social committee	Elected	
Mark Glinwood	Chair of staff committee	Co-opted	
Chander Hingorani	Chair of finance & audit committee	Co-opted	
Jonathan Rosenberg		Elected	
Julie Bundy		Elected	
Kathrine Campbell Thomas (formerly Pedersen)		Elected	Resigned 19 June 2013
Rosemaria Ghans		Elected	
Rahima Khanon Ahmed		Elected	
Andrew Lockhart		Elected	Retired 26 September 2012
Brenda Meadows		Elected	
Akin Oyalegan		Elected	
Paulino Pereira		Elected	
Lucine Pounder		Elected	
Claire Wren		Co-opted	
Julian Yewdall		Elected	
Sarah Seisay		Elected	Elected 26 September 2012
Anne Nacamuli		Co-opted	Co-opted 13 March 2013

The elected Board members are tenants or leaseholders of WECH, with the exception of Kathrine Campbell Thomas who was a leaseholder of WECH until 4 January 2008.

Management team

Andrew Watson MBA	Chief Executive
Anthony Gold	Operations Manager
Costas Constantinou FCCA	Finance Director
Carmen Robertson	Central Services Manager
Eugina Tanoh	Community Services Manager
Genish Watson	IT & Finance Manager

Registered office and business address

416 Harrow Road
London
W9 2HX
Telephone: 020 7266 3347
Email: admin@wech.org.uk
Website: www.wech.co.uk

Auditors

Beever and Struthers
15 Bunhill Row
London
EC1Y 8LP

Principal bank

Royal Bank of Scotland
2a Charing Cross Road
London, WC2H 0NN

Principal solicitors

Wright Hassall LLP
Olympus Avenue
Leamington Spa
Warwickshire, CV34 6BF

Registered with

Independent Housing Ombudsman (number L3939)
National Housing Federation (number 3638)

Homes & Communities Agency (number L3939)
Financial Conduct Authority (number 27378R)

Report of the Board

The Board of Walterton and Elgin Community Homes Limited (WECH) presents its report together with the audited financial statements for the year ended 31 March 2013.

Principal activity

The principal activity of WECH is the provision of accommodation for people in housing need. WECH owns the freehold of 636 (2012:636) homes of which 457 (2012:456) are used for general needs lettings and managed by WECH and 34 (2012:35) used for other social housing needs and managed by other parties. 145 (2012: 145) are subject to long residential leases.

Values and objectives

The values and objectives of WECH are for the benefit of the community:

- to maintain the quality of housing accommodation refurbished or built by WECH on the Walterton and Elgin Estates through a professional and effective repair service;
- to provide a professional property management service to residents from a local office;
- to provide accommodation of high quality for letting to local and other people in housing need by continuing with a programme of conversion and improvement of houses on the Walterton Estate;
- to maintain rents charged to WECH's tenants at levels affordable by people in low-paid employment;
- to ensure that the governance of WECH remains in the control of its residents;
- to foster and maintain a sense of community in WECH's area of operation; and
- to promote equal opportunities in access to housing, access to services and the employment of staff.

Review of the results and future developments

The Board reports a surplus for the year of £498,494. In the previous year to 31 March 2012 there was a deficit of £1,655,091 caused by having to apply component accounting, as required by the 2010 Statement of Recommended Practice, Accounting by registered social housing providers, which resulted in an extra depreciation charge of £2,046,338. During the year ended 31 March 2013, WECH spent £113,109 on refurbishing properties (2012: £226,826) and £105,795 (2012: £103,484) on replacing components on homes such as kitchens and boilers. £420,636 (2012: £330,911) was repaid to WECH's loan account with Royal Bank of Scotland leaving an outstanding loan balance of £16 (2012: £420,652).

Report of the Board

Review of the results and future developments (continued)

Following a comprehensive residents' survey which found overwhelming support for it, planning consent has been obtained for the Elgin Estate improvement scheme. Once approved by the Board this scheme will take advantage of the capacity on the estate to provide additional homes for rent and sale. WECH expects the surplus generated by sales to enable improvements to be made, including re-siting the community centre and WECH office to a more suitable location, and the provision of flats for rent, including flats with accessibility for disabled people. By 31 March 2013, the total cumulative amount spent on this project was £187,311 (2012: £86,010).

WECH is in negotiation with Westminster City Council with a view to transferring to WECH 70 houses on the Walterton Estate, containing 127 tenanted flats, which were omitted from the 1992 transfer on the grounds that none of the houses contained at least one secure tenant. If this transfer goes ahead, WECH intends to refurbish the houses to a high standard.

Statement of Board responsibilities

The Industrial and Provident Societies Acts and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that year.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply these consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that WECH will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of WECH and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England from April 2012. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

Admission of members

The rules of WECH provide that the Board may and, in the case of an applicant who is a permanent resident in a dwelling owned or managed by WECH, shall admit to membership any applicant other than a person who is a minor, who is an employee of WECH or who has been expelled as a member.

Report of the Board

Governance

The Board has adopted the Codes of Conduct and Governance published by the National Housing Federation. WECH is committed to upholding these codes and to adhering to high standards of conduct and governance.

Value for money

Value for money is central to WECH's ethos and is enshrined in its Financial Standing Orders, the company's rules for the handling of finances. These require between one and three estimates for expenditure above certain limits with three being required for any expenditure above £5,000. Any expenditure above £20,000 requires three sealed tenders. Long term contracts are reviewed regularly and tendered where appropriate. Recently the gas servicing contract was tendered and as a result the cost was £65,749 in 2012-13 compared to £78,816 in 2011-12, a saving of 17%.

WECH does not look upon its homes as an investment against which returns must be maximised but rather as an asset which exists for the benefit of its community. Consequently by achieving value for money on procurement, WECH is able to keep down the rent and service charges it charges to its tenants and leaseholders while still being able to provide an excellent service. A resident survey carried out in April 2013 showed that 96% of residents agree that "money paid to WECH for rent and/or service charges represents good value for money" and 97% are satisfied with the services provided by WECH. The rents charged by WECH are generally significantly lower than those of other local social housing providers.

The Board and officers

The Board members and officers throughout the year and up to the date of approval of these financial statements are listed on page 1. The Board is composed of elected members and co-opted members who are experts appointed by the Board. Co-opted members hold office for one year, but may offer themselves for re-co-option.

All members of WECH are eligible to stand for election to the Board. Voting takes place at WECH's annual general meeting and all the members are entitled to vote. One third of the elected Board members must stand down each year, but may stand for re-election.

Tenants or leaseholders who are Board members hold their tenancies and leases on normal terms, and are not permitted to use their position as Board members to their personal advantage.

Report of the Board

Statement of the qualities required by the Board of its members

The Board expects its elected members collectively to constitute a reasonable cross-section by location, type of tenure, gender and race of residents in WECH property. Board members are expected individually:

- to act as Board members in the interests of the whole WECH community;
- to participate positively in discussion of issues put to the Board for decision;
- to apply their experience (where appropriate) as WECH residents and their individual life and work related skills and experience to their participation as Board members;
- to attend Board meetings regularly;
- to uphold the decisions of the Board.

To operate effectively, the Board requires specific skills in housing management, finance, housing development, building maintenance, human resources and housing policy. The Board expects its elected members to have regard to the need for these skills in co-opting experts to serve on the Board.

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. The Board receives regular reports on significant risks facing WECH and details of significant changes to such risks. WECH's risk management procedures are reviewed annually by the Board.

Provision of information to auditors

The Board members who held office at the date of approval of this Board report confirm that, so far as each of them is aware, there is no relevant audit information of which WECH's auditors are unaware; each Board member has taken all necessary steps, as a Board member, to make him/herself aware of any relevant audit information and to establish that WECH's auditors are aware of that information.

Auditor

A resolution to re-appoint Beever and Struthers as external auditors will be proposed at the annual general meeting. They have indicated their willingness to be reappointed.

By order of the Board



Jon Cotterell, Chair
31 July 2013

Independent auditor's report to the members of Walterton and Elgin Community Homes Limited

We have audited the financial statements of Walterton & Elgin Community Homes Ltd (WECH) for the year ended 31 March 2013 on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to WECH's members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to WECH's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than WECH and WECH's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

As explained more fully in the Statement of Board's Responsibilities set out on page 3, the Board is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of WECH's affairs as at 31 March 2013 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2012.

Independent auditor's report to the members of Walterton and Elgin Community Homes Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

- *a satisfactory system of control over transactions has not been maintained; or*
- *the association has not kept proper accounting records; or*
- *the financial statements are not in agreement with the books of account; or*
- *we have not received all the information and explanations we need for our audit.*

Beever and Struthers

Beever & Struthers
Chartered Accountants and Statutory Auditors
15 Bunhill Row, London, EC1Y 8LP
6 August 2013

Walterton and Elgin Community Homes Limited
Annual report and financial statements for the year ended 31 March 2013

Income and expenditure account

	<u>Note</u>	2013 £	2012 £
Turnover	2	2,893,223	2,789,375
Less: operating costs	2	<u>(2,392,303)</u>	<u>(4,440,719)</u>
Operating surplus on ordinary activities	4	500,920	(1,651,344)
Bank interest receivable		13	32
Bank interest payable		<u>(2,439)</u>	<u>(3,779)</u>
Surplus for the year	15	<u><u>498,494</u></u>	<u><u>(1,655,091)</u></u>

All amounts relate to continuing activities.

All recognised gains and losses are included in this statement.

The above surpluses are the historical cost surpluses.

Walterton and Elgin Community Homes Limited
Annual report and financial statements for the year ended 31 March 2013

Balance sheet

	<u>Note</u>	As at 31 March 2013		As at 31 March 2012	
		<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Fixed assets					
Housing properties - depreciated cost			30,800,186		30,908,676
Less social housing grant			<u>(12,385,721)</u>		<u>(12,457,788)</u>
			18,414,465		18,450,888
Other fixed assets			<u>34,294</u>		<u>44,997</u>
	8		18,448,759		18,495,885
Current assets					
Debtors	11	296,395		226,237	
Cash at bank and in hand			<u>9,865</u>		<u>3,903</u>
			306,260		230,140
Creditors falling due within one year	12	<u>(360,228)</u>		<u>(409,092)</u>	
Net current assets / (liabilities)			<u>(53,968)</u>		<u>(178,952)</u>
Total assets less current liabilities			18,394,791		18,316,933
Creditors: amounts falling due after more than one year	13		<u>(16)</u>		<u>(420,652)</u>
Net assets			<u>18,394,775</u>		<u>17,896,281</u>
Capital and reserves					
Share capital	14		644		644
Revenue reserves	15		<u>18,394,131</u>		<u>17,895,637</u>
			<u>18,394,775</u>		<u>17,896,281</u>

The financial statements on pages 8 to 21 were approved and authorised for issue by the Board on 31 July 2013 and were signed on its behalf by:



Jon Cotterell
Chair



Stella Brade
Vice Chair



Elizabeth Thorpe-Tracey
Secretary

Cash flow statement and notes

	2013	2012	
	£	£	
Net cash inflow from operating activities	(a) 759,982	924,982	
Returns on investment & servicing of finance			
Interest receivable	13	32	
Interest payable	(2,439)	(3,779)	
Capital expenditure			
Development and property acquisition	(113,109)	(589,689)	
Elgin Estate improvements	(101,301)	(13,780)	
Other capital expenditure	(135,097)	(41,866)	
Financing			
Reduction of share capital	0	(13)	
Loan advances received	0	0	
Loan repayments	(420,636)	(330,911)	
 Increase / (decrease in cash)	 <u>(12,587)</u>	 <u>(55,024)</u>	
 (a) Reconciliation of operating surplus to net cash inflow from operating activities			
Operating surplus	500,920	(1,651,344)	
Depreciation	341,132	2,323,954	
Loss on disposal of housing components	41,721	4,532	
Fixed assets written off	13,780	20,093	
Decrease / (increase) in debtors	(70,158)	104,101	
Increase / (decrease) in creditors	(67,413)	123,646	
 Net cash inflow from operating activities	 <u>759,982</u>	 <u>924,982</u>	
 (b) Reconciliation of net cash flow to movement in net debt			
Increase / (decrease in cash) during the year	(12,587)	(55,024)	
Loan advances received	0	0	
Loan repayments	420,636	330,911	
 Change in net debt	 408,049	 275,887	
Net (debt) / funds at 1 April 2011	(465,619)	(741,506)	
 Net (debt) / funds at 31 March 2012	 <u>(57,570)</u>	 <u>(465,619)</u>	
 (c) Analysis of net (debt) / funds			
	As at	As at	As at
	1 Apr 2012	Cash flow	31 Mar 2013
Cash at bank and in hand	3,903	5,962	9,865
Bank overdraft	(48,870)	(18,549)	(67,419)
Debt due after more than one year	(420,652)	420,636	(16)
 Total	 <u>(465,619)</u>	 <u>408,049</u>	 <u>(57,570)</u>

Notes to the financial statements

1 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards and Statements of Recommended Practice of the United Kingdom. The accounts comply with the Industrial and Provident Societies Acts 1965 to 2002, the Housing and Regeneration Act 2008, the The Accounting Direction for Social Housing in England from April 2012, and the Statement of Recommended Practice: accounting by Registered Social Housing Providers Update 2010 published by the National Housing Federation. The accounts are prepared on the historical cost basis of accounting.

Turnover

Turnover principally represents rental income receivable from general needs and temporary social housing (after deducting lost rent from void properties). Void losses are only recognised where properties are available for letting. Smaller amounts of income from other social housing activities and non-social housing activities (principally leaseholder service charges) are also included in turnover.

Freehold housing properties

Housing properties are stated at cost (in the case of properties transferred from Westminster City Council in 1992 under Part IV of the Housing Act 1988, this cost was nil), and the cost of refurbishment net of grant and depreciation.

Most of WECH's properties were acquired from Westminster City Council in a state of disrepair. WECH is currently completing a programme of refurbishment of these properties in order to improve them and bring them up to Decent Homes Standard. The cost of these refurbishments is capitalised as part of "freehold housing properties".

Housing properties are split between land, structure and a set of major components which require periodic replacement. Replacement of such components is capitalised and depreciated over the estimated life of the component.

Improvements to properties are capitalised to the extent that they represent an enhancement of economic benefit for the assets, for example, an increase in the net rental stream, a reduction in future maintenance costs or a significant extension to the life of the property.

Any expenditure on maintenance of both improved and unimproved properties is charged to the income and expenditure account as incurred.

Notes to the financial statements

1 Principal accounting policies (continued)

Impairment

Reviews for impairment of housing properties are carried out annually, and any impairment in an income generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the net book value of an income generating unit exceeds the higher of its net realisable value or its value in use. An income generating unit could be a single property, but it is normally a group of properties whose income and expenditure can be separately identified. Impairment reviews are carried out on assets whose useful economic lives are expected to exceed 50 years in accordance with Financial Reporting Standard 11. No amount has been charged to the income and expenditure account in respect of impairment.

Depreciation

Depreciation is charged so as to write down the cost (net of grant) of fixed assets on a straight line basis over their expected useful economic lives as follows:

Freehold land is not depreciated
Structures of properties: 100 years
Roofs on properties: 50 years
Windows: 25 years
Kitchens: 20 years
Bathrooms suites: 20 years
Boilers: 10 years
Furniture in furnished tenancies: 3 years
Office improvements: 5 years
Office equipment: 4 years
Furniture, fixtures and fittings: 5 years

Government grants

Where Housing Association Grant (HAG) or Social Housing Grant (SHG) has been received towards the cost of acquiring or refurbishing properties, the capitalised costs have been reduced by the amount of grant received.

Where a property, the acquisition or refurbishment of which was funded either wholly or partly by HAG or SHG, is subsequently disposed of, the grant is credited to the "recycled capital grant fund". This is included in creditors until such time as it is either applied against other eligible costs or repaid. Repayment occurs compulsorily after 3 years from the date of disposal.

Grant received towards the cost of carrying out aids and adaptations to adapt homes and make them more suitable for the specific needs of the occupiers, is credited to the income and expenditure account as part of turnover in the same period in which the cost is incurred. The cost incurred is included under operating costs.

Notes to the financial statements

1 Principal accounting policies (continued)

Provisions

Provision is made only for contractual liabilities which exist at the balance sheet date.

Value added tax

WECH is not registered for VAT because almost all its outputs are rental income which is VAT exempt. As a result, input VAT suffered may not be reclaimed and expenditure is shown inclusive of any related input VAT.

Retirement benefits

WECH contributes to two defined contribution schemes and the cost of pension contributions is charged to the income and expenditure account as incurred.

WECH also participates in a funded multi employer defined benefit scheme, The Pensions Trust Growth Plan. Due to the nature of the scheme as a non-segregated multi-employer scheme it is not possible, in the normal course of events, to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to each individual participating employer. Accordingly, advantage has been taken of the exemption available under Financial Reporting Standard 17 "Retirement Benefits" to account for the scheme as if it were a defined contribution scheme. The income and expenditure charge therefore represents the employer contribution payable to the scheme for the accounting period.

Notes to the financial statements

2 Particulars of turnover, operating costs and operating surplus / (deficit)

	Year ended 31 March 2013		
	Turnover	Operating costs	Operating surplus / (deficit)
	£	£	£
Social housing lettings (note 3)			
General needs housing	2,229,868	(1,981,496)	248,372
Temporary social housing	445,213	(57,670)	387,543
Other social housing activities			
Housing plus	9,667	(156,452)	(146,785)
Community centre	22,261	(37,340)	(15,079)
Non social housing activities			
Leaseholders service charges	114,158	(114,158)	0
Commercial units	32,694	(12,229)	20,465
Garages and parking income	28,399	(32,958)	(4,559)
Ground rent receivable	2,030	0	2,030
Other income	8,933	0	8,933
	<u>2,893,223</u>	<u>(2,392,303)</u>	<u>500,920</u>

	Year ended 31 March 2012		
	Turnover	Operating costs	Operating surplus / (deficit)
	£	£	£
Social housing lettings (note 3)			
General needs housing	2,097,458	(4,034,501)	(1,937,043)
Temporary social housing	430,080	(63,040)	367,040
Other social housing activities			
Housing plus	19,872	(131,888)	(112,016)
Community centre	24,452	(37,140)	(12,688)
Non social housing activities			
Leaseholders service charges	135,628	(135,628)	0
Commercial units	38,853	(11,581)	27,272
Garages and parking income	33,578	(26,941)	6,637
Ground rent receivable	2,040	0	2,040
Other income	7,414	0	7,414
	<u>2,789,375</u>	<u>(4,440,719)</u>	<u>(1,651,344)</u>

Notes to the financial statements

3 Particulars of income and expenditure from social housing lettings

	General needs housing £	Temporary social housing £	Total Year ended 31 Mar 13 £	<i>Total Year ended 31 Mar 12 £</i>
Turnover				
Rent receivable (net of void losses)	2,222,775	445,213	2,667,988	2,510,419
Grants for aids & adaptations	<u>7,093</u>		<u>7,093</u>	<u>17,119</u>
	<u><u>2,229,868</u></u>	<u><u>445,213</u></u>	<u><u>2,675,081</u></u>	<u><u>2,527,538</u></u>
Operating costs				
Management	(666,663)	(15,452)	(682,115)	(632,212)
Services	(300,914)		(300,914)	(352,819)
Routine maintenance	(409,801)	(12,885)	(422,686)	(390,593)
Planned maintenance	(101,117)		(101,117)	(235,913)
Major repairs expenditure	(170,106)		(170,106)	(158,686)
Bad debts	19,624		19,624	(7,501)
Depreciation of housing properties	(271,794)	(29,333)	(301,127)	(2,277,222)
Loss on disposal of housing components	(41,721)		(41,721)	0
Depreciation of furniture	<u>(39,004)</u>		<u>(39,004)</u>	<u>(42,595)</u>
	<u><u>(1,981,496)</u></u>	<u><u>(57,670)</u></u>	<u><u>(2,039,166)</u></u>	<u><u>(4,097,541)</u></u>
Operating surplus	<u><u>248,372</u></u>	<u><u>387,543</u></u>	<u><u>635,915</u></u>	<u><u>(1,570,003)</u></u>
Void losses	<u><u>23,966</u></u>	<u><u>0</u></u>	<u><u>23,966</u></u>	<u><u>20,787</u></u>

4 The operating surplus on ordinary activities is stated after charging:

	2013 £	2012 £
Depreciation	341,132	2,323,954
Fees paid to the auditors in their capacity as such excluding VAT at 20%	8,027	10,085

5 Taxation

With effect from 6 January 2003, HM Revenue & Customs accepted that WECH is a charity for tax purposes. This means that WECH's income and capital gains are exempt from tax as long as it continues to fulfil the criteria for exemption.

Notes to the financial statements

6 Directors' emoluments

For the purpose of this note, the directors are defined as the members of the Board and the executive management team. None of the members of the Board received any emoluments (2012: £nil).

	2013 £	2012 £
Total emoluments paid to the directors (including pension contributions and benefits in kind)	<u>358,301</u>	<u>339,852</u>
Emoluments of the highest paid director (the Chief Executive) excluding pension contributions.	<u>76,464</u>	<u>72,409</u>
Total expenses reimbursed to directors not chargeable to UK tax	<u>0</u>	<u>0</u>

The Chief Executive is an ordinary member of the pension scheme and no enhanced or special terms apply. There are no payments made to separately administered pension schemes. (see notes 10 and 19)

7 Employee information

The average number of full time equivalent persons (including the Chief Executive) employed during the year was:

	<u>2013</u>	<u>2012</u>
Office staff	13	13
Maintenance staff	<u>2</u>	<u>2</u>
	<u>15</u>	<u>15</u>
Staff costs for the above persons were:	£	£
Wages and salaries	588,564	558,721
Social security costs	65,721	62,301
Pension contributions	<u>49,129</u>	<u>46,623</u>
	<u>703,414</u>	<u>667,645</u>

Full time equivalent persons paid salaries & pension contributions within the following bands:

Below £60,000	13	13
£60,000 to £69,999	0	1
£70,000 to £79,999	1	1
£80,000 to £89,999	1	0

Walterton and Elgin Community Homes Limited

Annual report and financial statements for the year ended 31 March 2013

Notes to the financial statements

8 Fixed assets

	Freehold housing properties £	Work in progress £	Furniture in furnished lettings £	Office improvements £	Office equipment £	Furniture fixtures and fittings £	Total £
<u>Cost</u>							
At 1 April 2012	35,021,578	110,432	127,784	126,855	44,351	39,550	35,470,550
Additions	136,106	184,099	28,472	0	830	0	349,507
Disposals	(166,732)	(13,780)	(39,243)	0	0	0	(219,755)
At 31 March 2013	<u>34,990,952</u>	<u>280,751</u>	<u>117,013</u>	<u>126,855</u>	<u>45,181</u>	<u>39,550</u>	<u>35,600,302</u>
<u>Capital grant</u>							
At 1 April 2012	(12,457,788)	0	0	0	0	0	(12,457,788)
Disposed on components	72,067	0	0	0	0	0	72,067
At 31 March 2013	<u>(12,385,721)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,385,721)</u>
<u>Depreciation</u>							
At 1 April 2012	(4,223,334)	0	(84,549)	(126,855)	(42,589)	(39,550)	(4,516,877)
Charge for the year	(301,127)	0	(39,004)	0	(1,001)	0	(341,132)
Disposals	52,944	0	39,243	0	0	0	92,187
At 31 March 2013	<u>(4,471,517)</u>	<u>0</u>	<u>(84,310)</u>	<u>(126,855)</u>	<u>(43,590)</u>	<u>(39,550)</u>	<u>(4,765,822)</u>
<u>Net book value</u>							
At 31 March 2013	<u>18,133,714</u>	<u>280,751</u>	<u>32,703</u>	<u>0</u>	<u>1,591</u>	<u>0</u>	<u>18,448,759</u>
At 31 March 2012	<u>18,340,456</u>	<u>110,432</u>	<u>43,235</u>	<u>0</u>	<u>1,762</u>	<u>0</u>	<u>18,495,885</u>

The additions to Freehold Housing Properties were entirely made up components replaced during the year.
The additions to Work in Progress were entirely made up of improvements to properties.

Notes to the financial statements

9 Retirement benefits - defined contribution scheme

WECH operates two defined contribution schemes, administered by The Pensions Trust. All employees are eligible to join the scheme after six months employment.

The cost for the year is equal to the contributions payable to the scheme during the period as shown in note 7. At the balance sheet date, the amount outstanding was £12,536 (2012: £0).

10 Retirement benefits - defined benefit scheme

WECH participates in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the state scheme. The Plan is a multi-employer pension plan.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

WECH paid contributions at the rate of 10% of gross salary during the accounting period. Members paid contributions at the rate of at least 5% of gross salary during the accounting period.

As at the balance sheet date there were three active members of the Plan employed by WECH. WECH continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Scheme Actuary's results for 30 September 2011 show that the Plan's assets at that date were £780.3 million and the Plan's Technical Provisions (i.e. past service liabilities) were £927.9 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £147.6 million, equivalent to a funding level of 84.1%.

The next full actuarial valuation will be carried out as at 30 September 2014.

WECH has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 31 March 2013. As of this date, the estimated employer debt for WECH was £300,632 (31 March 2012: £225,091).

Notes to the financial statements

11 Debtors	2013	2012
	£	£
Rent arrears	143,310	150,024
Other arrears	16,804	20,834
Less provision for bad debts	<u>(122,195)</u>	<u>(136,195)</u>
Arrears net of bad debt provision	37,919	34,663
Leaseholders' service charges	54,572	52,995
Prepayments and accrued income	7,371	6,561
Other debtors	<u>196,533</u>	<u>132,018</u>
	<u><u>296,395</u></u>	<u><u>226,237</u></u>

12 Creditors	2013	2012
	£	£
Amounts falling due within one year		
Accrued expenses	57,505	115,040
Rents and service charges paid in advance	178,939	180,414
Bank overdraft	67,419	48,870
Deferred income	3,624	7,469
Income tax and national insurance	19,974	23,895
Unpaid purchase invoices	0	0
Other creditors	<u>32,767</u>	<u>33,404</u>
	<u><u>360,228</u></u>	<u><u>409,092</u></u>

The bank overdraft is secured on WECH's freehold housing properties.

13 Creditors	2013	2012
	£	£
Amounts falling due after more than one year		
Loans not repayable by instalments:-		
Bank loan due after more than five years	<u>16</u>	<u>420,652</u>
	<u><u>16</u></u>	<u><u>420,652</u></u>

The bank loan is a revolving credit for a maximum of £4,500,000 which can be drawn any time before 31 October 2015. Repayment can be effected any time before 31 October 2022. The interest rate is 0.25% above The Royal Bank of Scotland's base rate. The loan is secured on WECH's freehold housing properties. The interest paid in the year on loans was £2,439.

Notes to the financial statements

14 Share capital	2013	2012
Shares of £1 each issued and fully paid	£	£
At 1 April 2012	644	657
Cancelled during the year	(5)	(20)
Issued during the year	<u>5</u>	<u>7</u>
At 31 March 2013	<u><u>644</u></u>	<u><u>644</u></u>

The share capital of WECH consists of shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. On ceasing to be a member, that person's share is cancelled and the amount paid up thereon becomes the property of WECH. All shareholdings relate to non-equity interests; there are no equity interests in WECH. Each share carries the right to one vote. Resident members are deemed to have given up their membership when they cease to be residents in a dwelling owned or managed by WECH unless they indicate otherwise.

15 Revenue reserves	2013	2012
	£	£
At 1 April 2012	17,895,637	19,550,728
Surplus / (deficit) generated during the year	<u>498,494</u>	<u>(1,655,091)</u>
At 31 March 2013	<u><u>18,394,131</u></u>	<u><u>17,895,637</u></u>

The reserves are predominantly represented by housing properties held for letting.

16 Cumulative capital and revenue grant received	Capital grant	Revenue grant
	£	£
At 1 April 2012	12,457,788	376,829
Received during the year	<u>0</u>	<u>7,093</u>
At 31 March 2013	<u><u>12,457,788</u></u>	<u><u>383,922</u></u>

17 Capital commitments	2013	2012
	£	£
Contracted for but not provided for in these accounts	0	0
Authorised by the Board but not contracted for	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>0</u></u>

Notes to the financial statements

18 Number of homes	As at 31 March	
	<u>2013</u>	<u>2012</u>
Tenanted (managed by WECH)	455	455
Tenanted (leased back to Westminster City Council)	7	8
Tenanted (leased to Westminster City Council's agent as temporary accommodation for homeless families)	27	27
Tenanted (Assured Shorthold Tenancy)	1	0
Tenanted (unrefurbished properties leased to a shortlife group)	1	1
On long leases to residential occupiers	145	145
	636	636

19 Other rental units	As at 31 March	
	<u>2013</u>	<u>2012</u>
Garages	69	69
Parking spaces	47	47
Open parking bays	36	36
Enclosed parking bays	24	24
Commercial shops	3	3
	179	179

20 Legislative provisions

WECH is incorporated under the Industrial and Provident Societies Act 1965.

21 Related parties

The Board has members who are tenants or leaseholders and hold tenancy agreements and leases on normal terms. They cannot use their position to their advantage.

Westminster Artisans Limited is a social enterprise which runs a local market and is establishing a local healthy living centre. One of WECH's Board members and its Chief Executive are directors of Westminster Artisans Limited which employs another of WECH's Board members as a consultant. WECH has agreed to guarantee that Westminster Artisans Limited will honour the terms of its lease on 2 to 4 Fernhead Road, London, W9, for a period of two years until August 2013 during which the rent liability is £18,750.

Harrow Road Neighbourhood Partnership (HRNP) is a local regeneration partnership. It is an unincorporated body made up of representatives of statutory organisations, voluntary organisations, the private sector, housing associations and local residents. One of WECH's Board members is HRNP's neighbourhood manager and WECH's Chief Executive is Chair of HRNP's Board. WECH contributes £4,000 per year to HRNP and assists it with procurement of supplies.

22 Controlling party

WECH is controlled by its members in a general meeting who elect the Board of management each year.